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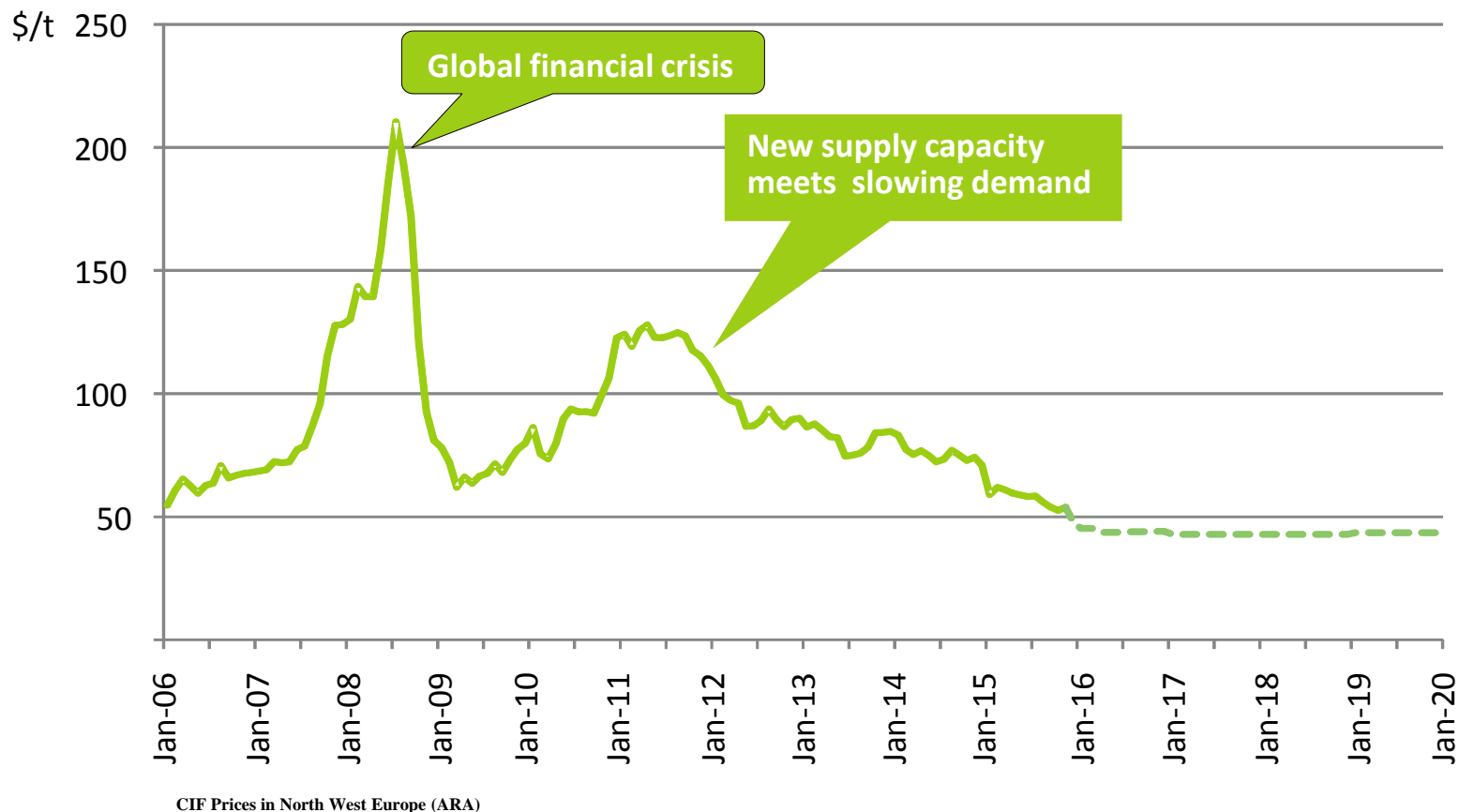
IEA's Medium Term Coal Market Report 2015

Singapore, 18 December 2015

Coal in today's energy system

- The importance and implication of coal today
 - *Generates over 40% of electricity*
 - *Can be important for economic & social development & energy security*
 - *Produces almost 50% of CO₂ emissions & is a key source of air pollution*
- China is at the center of the coal world
 - *Responsible for 80% of rise in coal use since 2000 & now half global use*
 - *Is world's top coal producer and – until recently – largest importer*
- After a decade of growth, global coal use halted in 2014 and is expected to decline in 2015
 - *Coal prices are at decade lows on a glut of supply & tepid demand*
- The COP-21 Paris Agreement raises important questions for coal

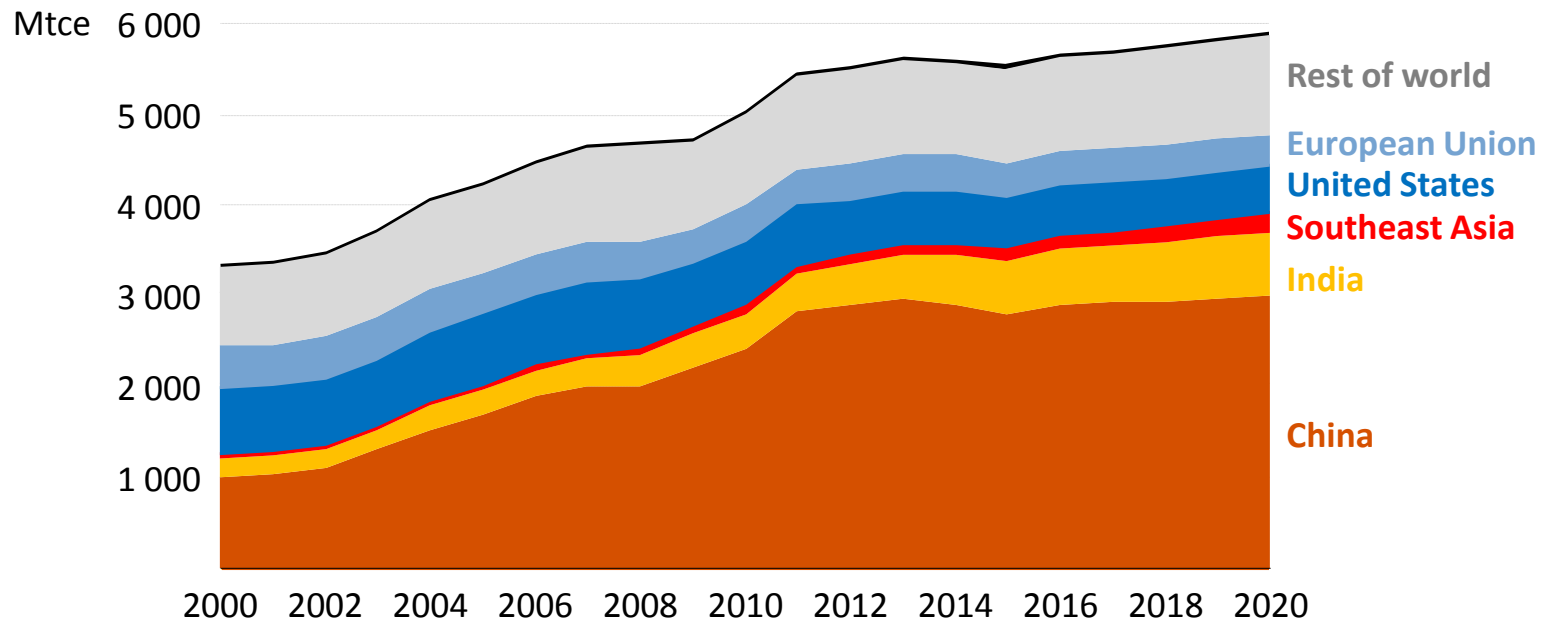
Coal prices to remain under pressure



Global overcapacity & weaker than expected demand look set to put further downward pressure on coal prices through to 2020

There is no “second” China waiting to drive global coal use

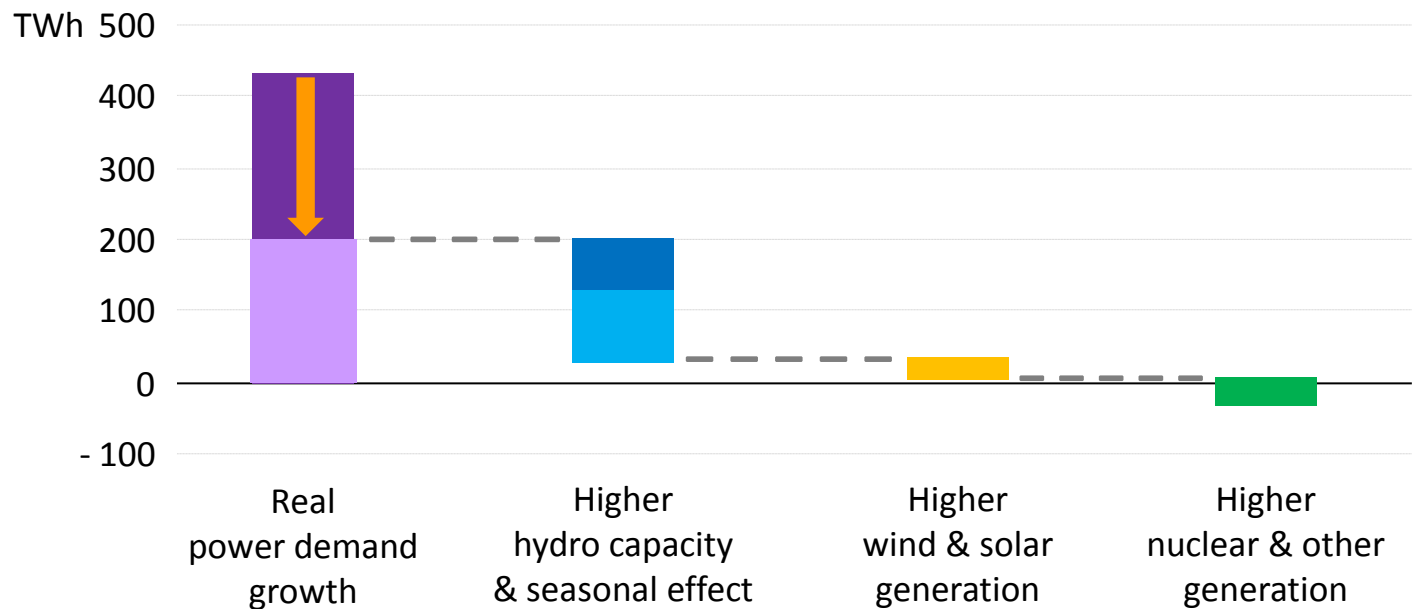
Global coal demand by region (historical and forecast)



Strong growth in coal use in India & Southeast Asia offset declines in the EU & the US, but does not match the rise seen over last decade in China

Has coal use in China already peaked?

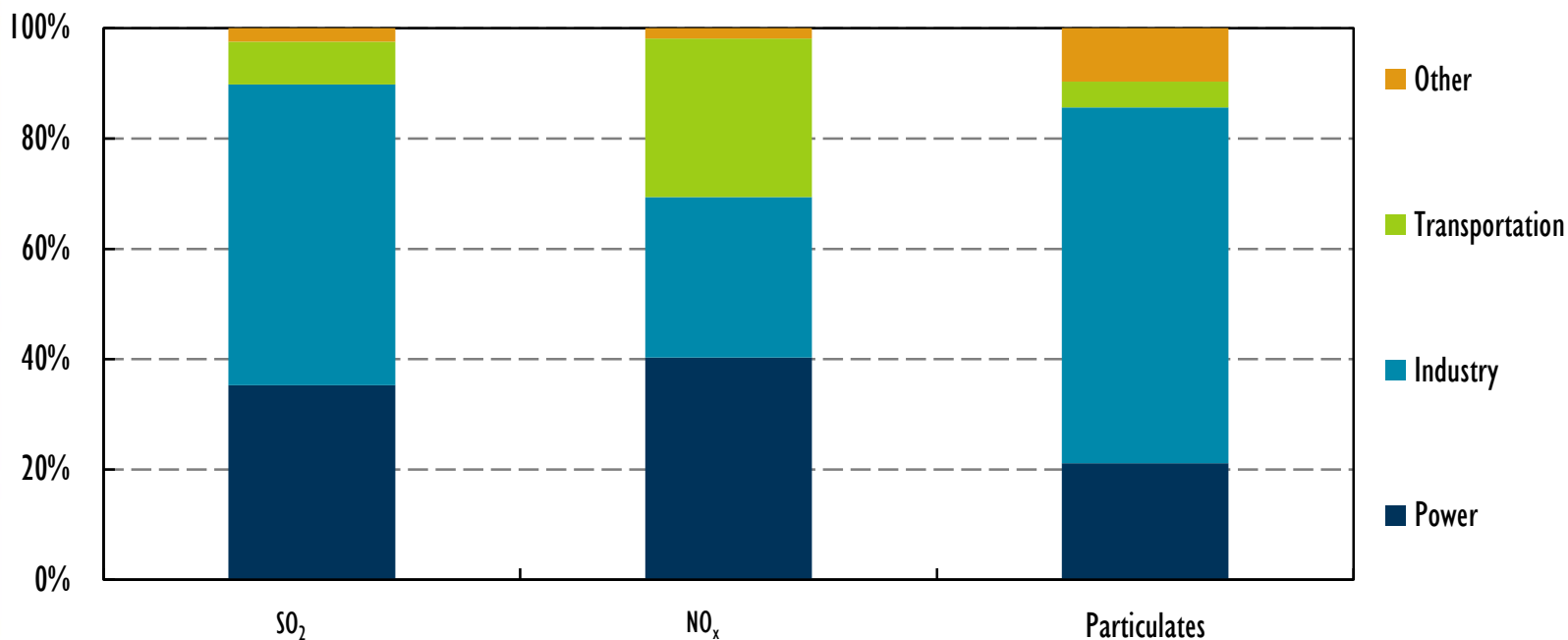
Drivers for Chinese coal-based power generation decline in 2014



China's coal use may have already peaked, reflecting the gradual economic rebalancing & further growth in low-carbon sources of power

Responses to air pollution will shape coal's future

Breakdown of local air pollutants in China

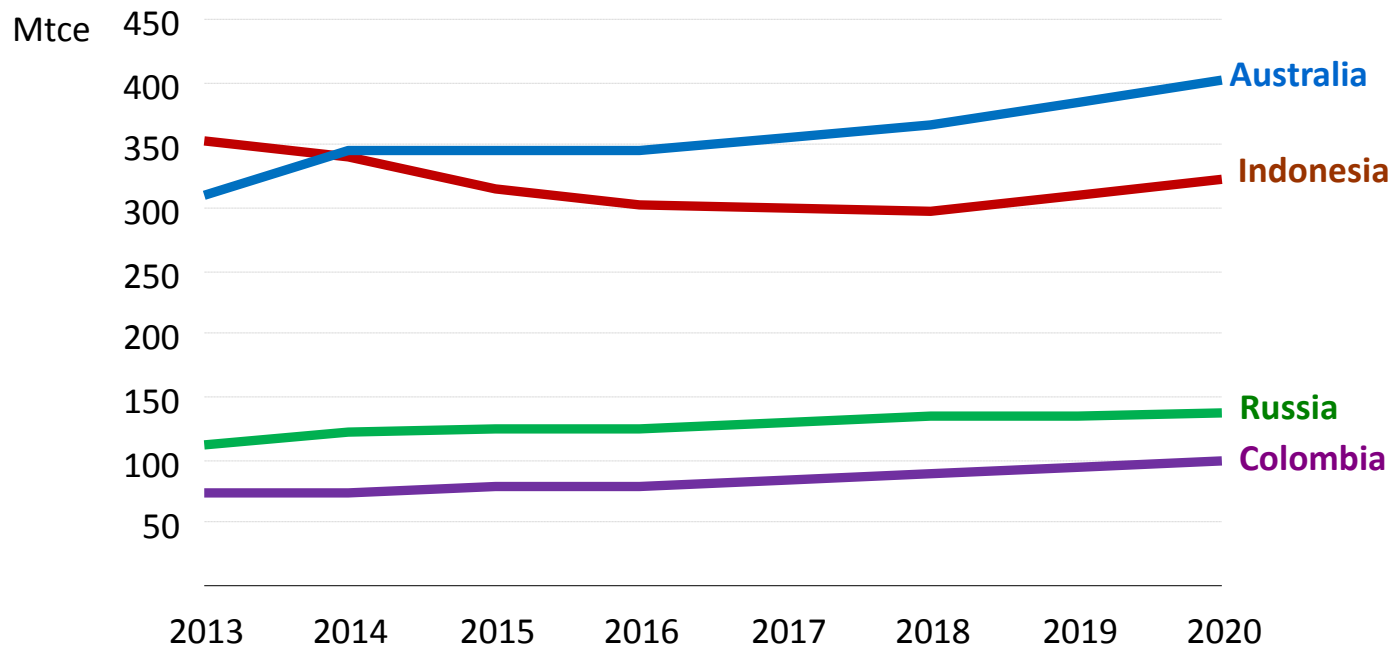


Data from 2013

While China is taking commendable steps to tackle the problem, burning coal remains the major source of local air pollution in the country

Australia pushes ahead as the world's largest exporter

Coal exports from key countries



The four largest exporters represent more than 80% of seaborne coal trade; India overtakes China to become the world's largest importer

Conclusions

- Coal will remain an important part of the global energy mix through 2020, but faces big challenges:
 - *Shifts in the policy landscape post COP-21*
 - *Rising concerns over pollution*
- Coal demand in China might have already peaked, with major implications for global energy & climate trends
- India & Southeast Asia are the new drivers of global coal demand, as the fuel plays a role in their economic & social development
- The long-term viability of the coal industry hinges on the widespread uptake of clean technologies:
 - *Urgent need to phase-out inefficient subcritical coal plants*
 - *Carbon capture & storage is a vital asset protection strategy*



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